

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

**PAT0074 – INTRODUCTION TO FINANCIAL
ACCOUNTING**
(Foundation in Business)

14 OCTOBER 2017
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **FOUR** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

A trader, Kawaguchiko started business on 1st January 2015 and contributed RM250,000 cash to the business. The following non-current assets were purchased by cash during 2015:

Date	Non-Current Asset	Cost
1 st April 2015	Office Equipment	RM10,000
1 st July 2015	Delivery Van 1	RM90,000
1 st November 2015	Delivery Van 2	RM100,000

Depreciation on the office equipment is to be calculated at a rate of 20% per annum based on the reducing balance method with monthly ownership basis.

Depreciation on the delivery vans is to be calculated on a straight line basis. The business intends to use the delivery vans for five years and at the end of this time the residual values are estimated to be as follows:

Delivery Van 1	RM20,000
Delivery Van 2	RM40,000

The policy of the business is to provide a full year's depreciation on delivery van in the year of purchase and none in the year of sale. After using the delivery van 1 for one full year, Kawaguchiko sold the delivery van 1 for RM80,000 cash on 30th June 2016.

REQUIRED

Record all the above transactions and balance off the accounts on 31st December 2015 and 31st December 2016:

- a) Capital Account (2.5 marks)
- b) Cash Account (4.5 marks)
- c) Office Equipment Account (2.5 marks)
- d) Motor Vehicle Account (3.5 marks)
- e) Accumulated Provision for Depreciation of Office Equipment Account (3 marks)
- f) Accumulated Provision for Depreciation of Motor Vehicle Account (5 marks)
- g) Disposal of Motor Vehicle Account (4 marks)

(Total 25 marks)

Continued...

QUESTION 2

Part A

Sally, Sunny and Suki are partners sharing profits and losses in the ratio of 1:3:2 respectively. As stated in the partnership agreement, partners are entitled to a 5% per annum interest on capital. They are charged 5% per annum of interest on drawing. Sally and Sunny have made cash drawing of RM10,000 and RM12,000 respectively during 2016. Sunny is entitled to annual salary of RM113,600. The net profit of the partnership, before taking any of the above into account was RM220,000 in 2016.

The following balances were extracted from the records during 2016:

	RM
<u>Capital Account (1st January 2016):</u>	
Sally	220,000
Sunny	180,000
Suki	100,000
<u>Current Account (1st January 2016):</u>	
Sally	20,000
Sunny	18,000
Suki	10,000

REQUIRED

- Prepare Profit and Loss Appropriation Account for the year ending 31st December 2016 by showing how the net profit is being shared among the partners. (5 marks)
- Prepare and balance off the partners' Current Account. (10 marks)

Part B

For each of the following activities, indicate whether it causes either cash inflow or cash outflow, and state in which activities of the statement of cash flows (operating or investing or financing) will be recorded.

No	Detail	Cash inflow or outflow	Cash flow activities (operating or investing or financing)
	Example: Cash paid out as a loan	outflow	Investing
a)	Purchase of new building		
b)	Payment of accounts payable		
c)	Cash sale of inventory		
d)	Issuance of share capital		
e)	Collection of accounts receivable		

(10 marks)

(Total 25 marks)

Continued...

QUESTION 3

Part A

The TKS Community Club prepares its annual accounts to 30th June. The following receipts and payments account has been prepared by the treasurer:

<u>Receipts</u>	RM	<u>Payments</u>	RM
Balance at bank, 1/7/16	10,000	Salaries	1,000
Subscriptions received:		Cleaning expenses	600
for 2016	300	Utilities	650
for 2017	6,000	General expenses	300
for 2018	150	AGM expenses	1,000
Rental received	1,000	Activities expenses	500
Interest received	200	New equipment	500
Donation received	2,000	Balance at bank, 30/6/17	15,100
	<u>19,650</u>		<u>19,650</u>

The following information was also provided:

1) The values of the non-current assets on 1st July 2016 were as follows:

	Cost (RM)	Net book value (RM)
Building	50,000	25,000
Equipment	5,000	2,500
Furniture	5,000	3,000

2) Depreciation on all non-current assets is to be provided at a rate of 10% using reducing balance method. Full year depreciation is assigned on the new equipment.

3) The current assets and liabilities were as follows:

	01/07/2016 (RM)	30/06/2017 (RM)
Prepaid salaries	100	150
Accrued utilities	30	40
Subscriptions in arrears	300	180

REQUIRED

a) Prepare a Subscription Account. (5 marks)

b) Prepare an Income and Expenditure Account for the year ending 30th June 2017. (10 marks)

Continued...

Part B

The following financial statements were provided by Jaguh Sdn. Bhd.:

**Statement of Profit or Loss
for the year ending 31st December 2015 and 2016**

	2015 (RM)	2016 (RM)
Sales	690,000	585,000
Sales Returns	(25,000)	(23,000)
Net Sales	665,000	562,000
Cost of goods sold	(420,000)	(330,000)
Gross profit	245,000	232,000
Other Incomes	13,000	16,000
Total Expenses	(166,000)	(164,000)
Net profit	92,000	84,000

**Statement of Financial Position
as at 31st December 2015 and 2016**

	2015 (RM)	2016 (RM)
<i>Assets:</i>		
Non-Current Assets	924,000	893,000
Closing Inventory	450,000	375,000
Accounts Receivable	199,000	195,000
Cash and Bank	203,000	225,000
Total Assets	1,776,000	1,688,000
<i>Liabilities:</i>		
Long Term Liabilities	420,000	440,000
Current Liabilities	129,000	107,000
Total Liabilities	549,000	547,000
<i>Shareholders' Equity:</i>		
5% Preference Shares, RM100 par	102,000	93,000
Ordinary Shares, RM10 par	550,000	530,000
Retained Earnings	575,000	518,000
Total Shareholders' Equity	1,227,000	1,141,000
Total Liabilities and Shareholders' Equity	1,776,000	1,688,000

REQUIRED

Calculate the following for 2016:

- a) Net profit as percentage of sales (2 marks)
- b) Acid test ratio (2 marks)
- c) Inventory turnover (3 marks)
- d) Return on assets ratio (3 marks)

(Total 25 marks)
Continued...

QUESTION 4

The balances extracted from the books of FM Sdn. Bhd. on 31st May 2017 were as follows:

	RM
Ordinary shares capital	100,000
5% Preference shares capital	300,000
Interim dividend for ordinary shares	30,000
Interim dividend for preference shares	15,000
General reserves (1/6/2016)	110,000
7% Loan notes	100,000
Loan notes interest	3,000
Retained profit (1/6/2016)	360,000
Fixtures and Fittings at cost	400,000
Accumulated depreciation of fixtures and fittings (1/6/2016)	80,000
Gross profit (31/5/17)	950,000
Trade receivables	1,165,600
Commission received	150,000
Rent received	95,000
Rent expenses	50,000
Director's remuneration	80,000
Allowance for doubtful debts (1/6/2016)	2,600
General expenses	65,000
Wages and salaries	215,000
Inventory (31/5/2017)	224,000

You are given the following additional information:

- 1) Wages and salaries accrued on 31st May 2017 amounted to RM15,000.
- 2) Rent expenses paid in advance on 31st May 2017 amounted to RM2,000.
- 3) General expenses accrued on 31st May 2017 amounted to RM3,000.
- 4) Commission received in advance on 31st May 2017 amounted to RM5,000.
- 5) Loan notes interest accrued on 31st May 2017 was RM4,000.
- 6) The allowance for doubtful debts is to be decreased by RM1,000.
- 7) A depreciation charge is to be made on fixtures and fittings at the rate of 10% per annum on cost.
- 8) Corporate tax of RM179,500 will be payable on the profit of this year.
- 9) The directors decided to transfer RM 36,000 to general reserves.

REQUIRED

- a) Prepare Statement of Profit and Loss for the year ending 31st May 2017. (16 marks)
- b) Prepare Statement of Changes in Equity for the year ending 31st May 2017. (9 marks)

(Total 25 marks)

End of Paper